File No. FD 140 CSL 72

MYSORE GOVERNMENT SECRETARIAT

Notes/Correspondence/Collection

Department Finance **Section** C.T

Subject :— Exemption from purchase tax on dead silk worm

Request of Sri Lakshman Rice & Oil Mills Ltd

Earlier References :—

Late References : P-37/E

(Classification ~~A/B/~~C) 2

Notes Pages 5

Correspondence Pages 32

For/Not for section Note Book

To be destroyed after 1985

De-oiled bran used as dead silk worm pupae

Under Secretary to Government.

DOCKET SHEET

Department: Finance

File No. ~~FD 5[illegible]~~ FD ~~[illegible]~~ CS(2)

Section C.T

Volume: 140

SUBJECT

Exemption of Sales tax on Silkworm.

Number and date 1	To whom sent 2	Instructions 3
t Secy 11428 22 8 72 25/392/CT 20-10-72.		

[P.T.O.

1

S.N. 1 Letter dt. 3-5-72 from Sri. Yajnam Rice & Oil Mills Kal

draft letter given by us.

12/5

12/5

Issued. May Give over till 16-6-72

16/5

16/5

2

No. FM(N) 54/72
End: one

OFFICE OF THE FINANCE MINISTER

Bangalore, dated 29/5/1972.

Reg:- Exemption of Sales Tax on silk worm.

---

3 Herein enclosed is a copy of letter dated 3-5-1972 received from the Managing Director, Sree Gajanana Rice & Oil Mills, Ltd., Mysore, on the above subject. The Finance Minister desires that a detailed note on the subject referred to may please be submitted for his perusal.

FD 140 CSL 72

(N. VENKOBA RAO) 29/5-
Private Secretary to Finance Minister.

Joint Secy
F.D.

4. Draft D.O. reminder/follow up may issue (O/C & fk)
16.6.

Fl await till 26.6.72

5. D.O. reminder follow up may issue
21/6

Issued
Sent 16/8/72

3

Letter no. MSA-CR-48/72-73 dt
27-6-1972 Further ref:

Further report may be
awaited. Dft 28-8-1972

Dft
28/8

Ref: Representation dt. nil from Sri Rajamane,
Rice & Oil Mills, Ltd at Piples.

Pl see 5, remarks on Piples. A report 8.
on their previous representation has been called
for from the C.C.T and the same is awaited.
Pl see C.C.T's letter at P16/c. After F.S. permit
a fresh reminder will be issued

Dft 14/8

For Perusal. 9

J.D) (B)

19/8/1972

Dft 21/8

Draft Dr rendered for the signature 10

Dft 24/8 signed 25/8/1972

11) may be kept in 'Sus' till 30-9-72

9/9 28/9

~~5~~ 12) Pl. see letter dated 23-8-72 from Sree Gajanan Ricetotal Mills, Ltd. addressed to F.M. ~~transferred~~ and letter dt. 19-9-72 addressed to F.M. & endorsed to F.S.

Observation of F.S.

.. There was an earlier reference which had been examined.

Sd/ M.M.
F.S. 28/9"

13 The report called for from the C.C.T. in the matter is still awaited. ~~The~~ A D.O. reminder has already been reminded issued on 31-8-72 (P. 21 c/f) - ~~His report may be awaited.~~ He may be reminded again. Draft D.O. reminder is put up

28/9

Sd 29/9

9 Sept
Bdg

14) Pl. see letter No. MSA-CR-48/72-73, dt. 26-9-72 from the C.C.T.

15) The C.C.T. has communicated this view on the suggestions of the S.T. Advisory Committee (P. 22 c/f) in the following matters:-

i) To treat de-oiled bran on par with bran.

ii) To exempt silk worm pupae from the levy of purchase tax.

16) As regards (i) the has stated that it would not be appropriate to levy higher rate of S.T. @ 2% on de-oiled Rice Bran when Rice Bran is

5

subjected to tax @ 1½% M.P. Moreover the loss of Revenue arising from the reduction would be around Rs. 100/- only. Hence the suggestion deserves consideration.

17 Regarding (ii) he has stated that the silk products are entirely exempt from the tax right from cocoon-stage to Textiles. As a result of utilisation of silk worm pupae, which was otherwise treated as a waste, Govt. have realised revenue by way of sales tax on sales of oil extracted from the said pupae. Besides, the export of the said oil has fetched foreign exchange. The estimated loss of revenue arising from the grant of exemption from the tax to the silk worm pupae would be Rs. 24500/- per year, which would be compensated by the additional revenue of Rs. 24,850/- on the sales of oil extracted from the silk worm pupae. Hence the suggestion deserves sympathetic consideration.

18 In case the proposal of the C.C.T. is agreed to, a notification under Section 8A of the Act will have to be issued, in respect of the above two items.

19 File No. FD 426 CSL 68 has been put up with File No. 164 CSL 72 which is with J.S. for discussion on subordinate legislation.

14/10

Ans/x

Ref. Paras 3 & 12

19/10

D.S

Already taken a decision in file No FD 119 CSL 73, No further action is necessary in the matter. This file may now be

Ans/7/72

C. [illegible] No. 45]

GOVERNMENT OF MYSORE

Telegram / Telephono

MSA-CR-48/72-73
No. ~~CDC/GR-10/72-73~~.
Encls. one only.

OFFICE OF The
Commissioner of Commercial Ta
in Mysore, Bangalore-1,
Dated 26th September, 197

To

The Secretary to Government,
Finance D-epartment, Bangalore.

Sir,

Sub: Exemption from tax on Silk Worm Pupae and reduction of the rate of tax on de-oiled bran - Representation - Report - Submitted.

FINANCE DEPT.
R & I SECTION
No. [illegible]
Date
Section

****

At the meeting of the Sales Tax Advisory Committee held on 22.3.1972, the Chamber of Commerce & Industry, Mysore had made the following suggestions.

3/10/72

1. To treat de-oiled bran on par with bran.
2. To exempt silk worm pupae from the levy of purchase tax.

The extracts of the proceedings of the Sales Tax Advisory Committee on the above subjects are enclosed. The above suggestions have been examined and my remarks are as under:-

1. Treating Deoiled Bran on par with bran:-

Rice Bran is taxable at 1⅛% Multi-point with effect from 1-4-1966 under the proviso to section 5(1) of the M.S.T.Act 1957. In Notification No.FD 426CSL 68 dated 27.3.1969 issued under Section 8A of the Act, De-oiled Rice Bran is taxable @ 2% Multi-point under Section 5(1) of the Act. The plea put forth is that there is not much difference between Rice Bran and De-oiled Rice Bran except that a certain percentage of oil is extracted

FD 140 CSL 72

from Rice bran to convert it into De-oiled Bran.It is also represented that both t-he items are used in the manufacture of cattle and poultry feeds and fertilizers.

It is felt that the above grounds have some force. Since Rice Bran is subjected to the levy of 1½% Multi-point, the levy of a higher rate of 2% multi-point on deoiled Rice Bran would not be appropriate. According to the report obtained from the Deputy Commissioner of Commercial Taxes, Mysore Dvn., even the loss of revenue arising from the reduction of the rate of tax from 2% multi-point to 1½% multi-point on deoiled Rice Bran would be around Rs.100/- only. Hence the suggestion for levying the same rate of tax of 1½% both on Rice Bran and Deoiled Rice Bran deserves sympathetic consideration.—

2. Exemption of silk worm pupae from the levy of purchase tax.

Silk Worm pupae i.e. the dead silk worm is taxable at 3⅓% multi-point, under Section 5(1) of the Mysore Sales Tax Act. The silk worm pupae resulting from the extraction of silk was treated as a waste product by the small silk Reelers until the introduction oft-he process of extraction of oil from the silk worm pupae. As a result of this utilisation, small silk Reelers have been able to profitably dispose of this otherwise waste material and the Govt. have also realised the following amounts of revenue by way of sales tax on the sales of oil extracted from the said pupae. Besides, the export of the said oil

.....3

has also fetched foreign exchange.

Year	Revenue Realised. Rs.
1967:68	340/-
68:69	3960/-
69:70	5200/-
70:71	15350/-
	24850/-

The representation is regarding the levy of purchase tax under Section 6 of the Act payable on the purchases of the said pupae made by the Industry from Small Silk Reelers and not against the levy on the sales of oil extracted from the said pupae. Since these Reelers, being unregistered dealers not liable to pay tax on their sales, the industry which purchases and utilises the pupae in the preparation of oil is liable to pay the tax under Section 6@ 3½% multi-point.

The question of hardship caused by the levy of purchase tax on the pupae has been examined. Since the silk products are entirely exempt right from the cocoon-stage to Textiles(Except thrown silk) the grievance against the levy of tax on ~~dead~~ silk worm, pupae(dead silk worm) appears to be well founded. According to the report obtained, the estimated loss of revenue arising from the grant of exemption from tax under Section 6 of the Act would be Rs.24,500/- per year. In this connection, kind reference is also invited to the Govemment's letter No.FD 137 CSL 72

.....4

dated 15-5-1972, in which Government have called for remarks on the representation of M/s Sree Gajanana Rice & Oil Mills Ltd., In the circumstances stated above and in view of the fact that the Industry has fetched an additional revenue of Rs.24,850/- on the sales of oil from the otherwise waste material and also with a view to encourage the industry, I suggest that the Government may sympathetically consider grant of exemption from tax under Section 6 of the Act.

In the circumstances I suggest that the issue of a notification under Section 8A of the Act reducing the rate of tax on De-oiled Rice Bran from 2% multi-point to 1½% multi-point and also granting exemption from payment of purchase tax under Section 6 on the purchase of silk worm pupae used in the extraction of oil, may kindly be considered and orders communicated at an early date.

Yours faithfully,

COMMISSIONER OF COMMERCIAL TAXES.

27.9.72

EXTRACT OF ITEMS OF 14, 15 & 17 OF THE PROCEEDINGS OF THE SALES TAX ADVISORY COMMITTEE MEETING HELDXX ON 22-3-1972.

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14. Suggestion to treat de-oiled bran on par with bran:-

The subject was discussed. The Chairman stated that the suggestion of the member to treat de-oiled bran on par with bran would be examined after obtaining a report from the Deputy Commissioner of Commercial Taxes, Mysore.

15. Suggestion to treat De-oiled Silk-worm Pupae on par with Groundnut oik Cake:

Same as item No. 14.

17. Suggestion to exempt "Silk-worm Pupae" from the ~~xxx~~ levy of Purchase Tax:-

The subject was discussed. The Chairman stated that he would examine the suggestion of the member along with items 14 and 15 after calling for a report from the Deputy Commissioner of Commercial Taxes, Mysore and after ascertaining the loss of revenue involved.

' Copy '

For Commissioner of Commercial Taxes.

TELEPHONE: 23719

TELEGRAMS: "SAGARMILLS"

Sree Gajanana Rice & Oil Mills, Ltd.,

(INCORPORATED IN MYSORE STATE)

PIONEERS IN RICE BRAN OIL EXTRACTION

EDIGA EXTENSION, MYSORE

REGISTERED OFFICE
MYSORE

S. T. Reg. No. My/CT/City I A 135/57-58
C. S. T. No. My/CT/City No. 327/58-59

Ref No. 545/S.T.I F.M. No. 255/Acl/72
Date 3.10.72

Date 19th Sept. 1972.

Sri. M.Y. Ghorpade,
Hon. Minister for Finance,
Government of Mysore,
Vidhana soudha Buildings,
BANGALORE 1.

Sent for a note. B.S. N. VENKOBARAO
P.S. to Finance Minister

Dear Sir,

Sub: Exemption of Sales tax on purchase and sale of Silk Worm Pupae.

We would like to draw your kind attention to our representation dated 20th July'72 regarding exemption of sales tax on purchases and sales of silk worm pupae. We have already represented you in person, the difficulties and hardships that we are facing with regard to the purchase of this silk worm pupae. We would very much appriciate, if you would kindly exempt us from the purchase tax for silk worm pupae, which we ~~are~~ collecting from small dealers all over the state.

As you are aware that the silk is exempted from sales tax at all stages, whereas this waste material of the silk is taxed. We request you to kindly extend exemption of sales and purchase tax on this waste material namely ~~cocoon~~ silk worm pupae.

FST 2334/72

TELEPHONE: 23719 TELEGRAMS: "SAGARMILLS"

Sree Gajanana Rice & Oil Mills, Ltd.,

(INCORPORATED IN MYSORE STATE)

PIONEERS IN RICE BRAN OIL EXTRACTION

EDIGA EXTENSION. MYSORE

REGISTERED OFFICE
MYSORE

S. T. Reg. No. My/CT/City I A 135/57-58
C. S. T. No. My/CT/City No. 327/58-59

Ref. No._____ Date. _____ 197

We once again request you to kindly considere this favourably and exempt this from purchase and sales tax.

Thanking you,

Yours faithfully,

R. VASUDEVA MURTHY
Managing Director.

TELEPHONE: 23713 TELEGRAMS: "SAGARMILLS"

Sree Gajanana Rice & Oil Mills, Ltd.,

(INCORPORATED IN MYSORE STATE)

PIONEERS IN RICE BRAN OIL EXTRACTION

EDIGA EXTENSION, MYSORE

REGISTERED OFFICE
MYSORE

S. T. Reg. No. My/CT/City I A 135/57-58
C. S. T. No. My/CT/City No. 327/58-59

F. M. No. 254/Agi/72
Date 3.10.72

Ref. No. _____ Date 18th Sept 1972

Sri. C. Devaraj Urs,
Chief Minister,
Government of Mysore,
BANGALORE.

Dear Sir,

Sub: Decoiled Silk Worm Pupae.

We would like to bring to your kind notice that we have been purchasing decoiled silk worm pupae from all the Government Silk Filature Factories from the last 11/2 years. We were given the contract to lift this decoiled silk worm pupae for two years and which will expires by the end of March.

We have been exporting the decoiled silk worm pupae to foreign countries from the last three years and we would like to firm that so far we have exported more than 15 lakhs worth of materials. Unless we have continuous supply of raw-material, we will not be able to assure our foreign buyers, as such we request you to kindly extend the contract for a further period of three years so that we may in-turn assure our foreign buyers.

We learn that this silk worm pupae is being exported to other neighbouring states from some parties before it is decoiled. Since we are already extracting oil from this and

TELEPHONE: 23713 TELEGRAMS: "SAGARMILLS"

Sree Gajanana Rice & Oil Mills, Ltd.,

(INCORPORATED IN MYSORE STATE)

PIONEERS IN RICE BRAN OIL EXTRACTION

EDIGA EXTENSION, MYSORE

REGISTERED OFFICE
MYSORE

S. T. Reg. No. My/CT/City I A 135/57-58
C. S. T. No. My/CT/City No. 327/58-59

Ref. No. _____ Date. _____ 197

our plant which has a capacity for processing 6,000 tons per year is not working even 4 months in a year due to the non-availability of sufficient raw-material. When such is the case, it is most unfair that this material is exported to neighbouring states, when our own plant is suffering for want of raw-material. We would very much appriciate if you would kindly look into this matter and see that this raw-material does not go out of our state before it is extracted.

If the entire raw-material is extracted within our state, the state is going to be benifited by way of sales-tax on the oil that is extracted. This point may also be considered and suitable action may kindly be taken.

Thanking you,

543/83

Yours faithfully,

R. VASUDEVA MURTHY
Managing Director.

Copy with best compliments to:

Finance Minister, Government of Mysore, Vidhana Soudha, Bangalore.

D.O. No FD 140 CSL 72

Dear Sri Srinivasmurthy

Pl refer to this dept. D.O. letter of even No. dt. 31st August 1972 regarding exemption of Silk worms from levy of Sales Tax.

The question is pending since last five months. The petitioner has again represented to the F.M. I shall therefore be grateful if you kindly arrange to send the report early.

Not to issue

Y.J.

24/9/72

Sri. C.R. Srinivasmurthy
H.Q.A. to the C.C.T.
in Mysore, Bldg

TELEPHONE: 23713 TELEGRAMS: "SAGARMILLS"

Sree Gajanana Rice & Oil Mills, Ltd.,

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PIONEERS IN RICE BRAN OIL EXTRACTION

EDIGA EXTENSION, MYSORE

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MYSORE

S. T. Reg. No. My/CT/City I A 135/57-58
C. S. T. No. My/CT/City No. 327/58-59

M. No. 238/Acc/72
18.9.72

Ref. No.....

Dated 23rd Augst. 1972.

Sri. Y.B.Ghorpade,
Hon. Minister for Finance,
Government of Mysore,
Vidhansoudha Buildings,
BANGALORE.1.

Respected Sir,

Re: Exemption of Sales Tax on silk worm.

The process of Extraction of silkworm was found out by C.F.T.R.I, and we are the people, who have taken up this process. We are the only persons who are doing this processing in the entire country.

Silkworm pupae is a waste product of the silk Industry. This was thrown put to the gutters by silk reelers ss a waste material and they were spending money to remove the material outside the town limits because of its very bad smell.

After we started using this for extraction of oil, this waste material has been put into use and also it has given some money to the small silk reelers in the villages. This has helped many a number of persons to eke out their

TELEPHONE: 23713 TELEGRAMS: "SAGARMILLS"

Sree Gajanana Rice & Oil Mills, Ltd.,

(INCORPORATED IN MYSORE STATE)

PIONEERS IN RICE BRAN OIL EXTRACTION

EDIGA EXTENSION, MYSORE

REGISTERED OFFICE
MYSORE

S. T. Reg. No. My/CT/City I A 135/57-58
C. S. T. No. My/CT/City No. 327/58-59

livelihood. Indirectly it has given employm ent to m ore than five hundred people in the State.

So far as the silk is concerned, it is exempted from sales tax from the cocoon stage to the silk fabric stage. The silk cocoon contains this worm and as such silkworm is part of the silk cocoon and when the cocoons are exempted, it is rather surprising that the dead silk worm should be taxed. This worm dies during the course of removing the silk thread. The worm cannot be considered separate from the silk cocoon. Without the silkworm, there cannot be any silk. When the silk is exempted from Sales tax in all its stages, there is no justification in taxing the silk worm. The authorities have taxed this dead silk worm both at the purchase leven and at the sale legel at 3% which is not justificable. Moreover, this is not a commoditty which can be purchased either in the Regulated market or in the shops. It has to be collected from small silk relers in villages in small quantities. There are no traders in this material. It has to be collected in its raw state, dried and degummed and then processed for extraction of oil.

The oil is taxed at 3% and for which we have no

TELEPHONE: 23713 TELEGRAMS: "SAGARMILLS"

Sree Gajanana Rice & Oil Mills, Ltd.,

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EDIGA EXTENSION, MYSORE

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S. T. Reg. No. My/CT/City I A 135/57-58
C. S. T. No. My/CT/City No. 327/58-59

Ref. No.

Date.....197

objection. But the silkworm pupae should not be taxced at any stage.

We have with very hard work and perseverance developed this on a commercial scale. We have found out an exportabe market for this after spending lot of money. We have earned the much needed foreign exchange for the country.

We have been asked now, after a lapse of 2 years, to pay 3% tax on our purcases and sales which is highly unreasonable.

If the exemption is not given, we do not thin, that we will be able to make purchases of this worm and process as the suppliers are not traders and they are very small people. It will certainly kill the industry and more than 500 people will go out of employment.

We may also add here that we are trying our best to increase the production by setting up collecting centres in all possible places, so that, it is not wasted.

We may also add here that the Central Silk Board is very keen that this industry should be developed. Even

TELEPHONE: 23713 TELEGRAMS: "SAGARMILLS"

Sree Gajanana Rice & Oil Mills, Ltd.,

(INCORPORATED IN MYSORE STATE)

PIONEERS IN RICE BRAN OIL EXTRACTION

EDIGA EXTENSION. MYSORE

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MYSORE

S. T. Reg. No. My/CT/City I A 135/57-58
C. S. T. No. My/CT/City No. 327/58-59

Ref. No. ——— -4- Date.....197

the Ministry of Foreign Trade is also very particular that maximum foreign Exchange is earned from this industry.

In view of the above facts, we request you XXXXXXXXXXXXX to exempt this from Sales tax both at purchase level and sales level.

Thanking you,
Yours faithfully,

(R.VASUDEVA MURTHY)
MANAGING DIRECTOR.

TELEPHONE : 23719 TELEGRAMS: "SAGARMILLS"

Sree Gajanana Rice & Oil Mills, Ltd.,

(INCORPORATED IN MYSORE STATE)

PIONEERS IN RICE BRAN OIL EXTRACTION

EDIGA EXTENSION. MYSORE

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MYSORE

S. T. Reg. No. My/CT/City I A 135/57-58
C. S. T. No. My/CT/City No. 327/58-59

Ref. No.

FINANCE DEPT.
R & I SECTION
No. 357
Date 22 Sept 1972
Section

Date 19th Sept 197 2

Sri. M.Y. Ghorpade,
Hon. Minister for Finance,
Government of Mysore,
Vidhana soudha Buildings,
BANGALORE 1.

Dear Sir,

Sub: Exemption of Sales tax on purchase and sale of Silk Worm Pupae.

We would like to draw your kind attention to our representation dated 20th July'72 regarding exemption of sales tax on purchases and sales of silk worm pupae. We have already represented you in person, the difficulties and hardships that we are facing with regard to the purchase of this silk worm pupae. We would very much appriciate, if you would kindly exempt us from the purchase tax for silk worm pupae, which we have collecting from small dealers all over the state.

As you are aware that the silk is exempted from sales tax at all stages, whereas this waste material of the silk is taxed. We request you to kindly extend exemption of sales and purchase tax on this waste material namely ~~dociled~~ silk worm pupae.

TELEPHONE: 23713 TELEGRAMS: "SAGARMILLS"

Sree Gajanana Rice & Oil Mills, Ltd.,

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PIONEERS IN RICE BRAN OIL EXTRACTION

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MYSORE.

S. T. Reg. No. My/CT/City I A 135/57-58
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Ref. No._____ Date_____ 197

We once again request you to kindly consider this favourably and exempt this from purchase and sales tax.

Thanking you,

Yours faithfully,

R. VASUDEVA MURTHY
Managing Director.

546 | S.T.

Copy to the Secretary, for Finance, Government of Mysore, Vidhansoudha, Bangalore 1, for kind information.

GOVERNMENT OF MYSORE.

H.C.Gangadhara Murthy,
Under Secretary to Govt.
Finance Department.

Mysore Govt.Secretariat,
"Vidhana Soudha",
B'lore, dt.31st Aug.1972.

D.O.No.FD 140 CSL 72.

Dear Sri Srinivasamurthy,

Please refer to the correspondence resting with your letter No.MSA-CR-48/72-73, dated 27-6-1972 regarding exemption of Silk worm from levy of Sales Tax.

As the question is pending since last four months, we shall be grateful if steps are taken to send the report early.

Yours faithfully,

Shri C.R.Srinivasamurthy,
Head Quarters Assistant to the
Commissioner of Commercial Taxes
in Mysore, BANGALORE.

D.O. No. FD 1&0 CSL 22

Dear Sri Srinivasamurthy,

Pl refer to the correspondence
P16/4
resting with your letter no. HSA-CR-48/22-1
dt 21.6.22 regarding exemption of silkworm
from levy of S.T.

As the question is pending
since last four months, & we should
be grateful if a report could
on take & send the report early

Yours

(H.C.S.

Sri
CR Srinivasamurthy
HQ Asstt to the
Comm of C. Taxes
Bangalore

Noted/8

'ONE: 23713 TELEGRAMS: "SAGARMILLS"

ee Gajanana Rice & Oil Mills, Ltd.

(INCORPORATED IN MYSORE STATE)

PIONEERS IN RICE BRAN OIL EXTRACTION

EDIGA EXTENSION, MYSORE

REGISTERED OFFICE
MYSORE

S. T. Reg. No. My/CT/City I A 135/57-58
C. S. T. No. My/CT/City No. 327/58-59

Ref. No. F.M.No. 65/Act/72 Date. 18.7.72

Date. 197

Sri.M.Y.Ghorpade,
Hon. Minister for Finance,
Government of Mysore,
Vidhana Soudha Buildings.
BANGALORE.1.

Secretary to Govt. for information

Yours faithfully,
for Sagar Gajanana Rice & Oil Mills, Ltd.,
M. VENKOBA RAO
Finance Manager

P. S. 1.8.72

Dear Sirs,

Re: Exemption of sales tax on purchase & Sale of Silk pupae.

106(1)(c) 72

There was an earlier representation (2 yrs or so ago).

The process of Extraction of Silk worm was found out by C.F.T.R.I., Mysore and we are the people, who have taken up this process. We are the only persons who are doing this processing in the entire country.

Silkworm pupae is a waste product of the silk industry. This was thrown out to the gutters by silk reelers as a waste material and they were spending money to remove the material outside the town limits because of its very bad smell.

Paper put up 1.8.72

After we started using this for extraction of oil, this waste material has been put into use nad also it has given some money to the small silk reelers in the villages. This has helped many a number of persons to eke out their livelihood. Indirectly it has given employment to more than five hundred people in the State.

So far as the silk is concerned, it is exempted from sales tax from the cocoon stage to the silk fabric stage.

FST 1/8/72 9.8.72 9/10 Sd/- 2.8

The silk cocoon ~~xxxxxxx~~ contains this worm and ~~xxxx~~ as such silk worm is a part of the silk cocoon and when the coconns are exempted, it is rather surprising that the dead silk worm should be taxed. This worm dies during the course of removing the silk thread. The worm cannot be considered separate from the silk cocoon. Without the silk worm, there cannot be any silk. When the silk is exempted from sales tax in all its states, there is no justification in taxing the silk worm. The authorities have taxed the dead silk worm both at the purchase ~~xxxx~~ level and at the sales level at 3% which is not justificable. Moreover, this is not a commoditty which can be purchased either in the Regulated Market or in theshops. It has to be collected from small silk reelers in villages in small quantities. There are no traders in this material. It has to be collected in its raw state, dried and degummed and then processed for extraction of oil.

The oil is taxed at 3% and for which we have no objection. But the silk worm pupae should not be taxed at anv stage.

We have with gery hard work and perseverance developed this on a commercial scale. We have found out an exportable market for this after spending lot of money. We have earned the much needed foreign exchange for the country.

We have been asked now, after a lapse of 2 years, to pay 3% tax on our purchases and sales which is highly unreasonable.

If the exemption is not given, we do not think, that we will be able to make purchases of this worm and process as the suppliers are not traders and they are very small people. It will certainly kill the industry

TELEPHONE: 23713

TELEGRAMS: "SAGARMILLS"

Sree Gajanana Rice & Oil Mills, Ltd.,

(INCORPORATED IN MYSORE STATE)

PIONEERS IN RICE BRAN OIL EXTRACTION

EDIGA EXTENSION, MYSORE

REGISTERED OFFICE
MYSORE

S. T. Reg. No. My/CT/City I A 135/57-58
C. S. T. No. My/CT/City No. 327/58-59

Ref. No._____ Date..... ...19?

and more than 500 people will go out of employment. We may also add here that we are trying our best to increase the production by setting up collecting centres in all possible places, so that, it is not wasted.

We may also add here that the Central Silk Board is very keen that this industry should be developed. Even the Ministry of Foreign trade is also very particular that the maximum foriegn Exchange is earned from this Industry.

In view of the above facts, we request you to be so good as to exempt this from Sales tax both at purchase kxxxx level and sales level.

Thanking you.
Yours faithfully,

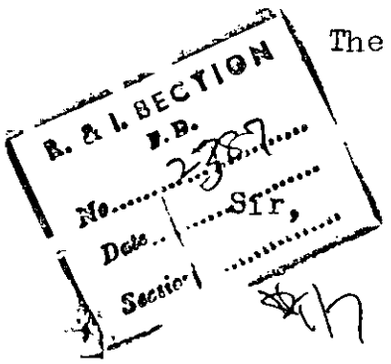
(R.VASUDEVA MURTHY)
MANAGING DIRECTOR.

16

No. MSA-CR-48/72-73

Office of the Commissioner of
Commercial Taxes in Mysore,
Bangalore, dated 27th June 1972.

To



The Secretary to Government,
Finance Department,
Bangalore.

Sir,

Sub:- Exemption of Sales Tax on silkworm interim reply - Regarding.

Ref:- Your letter No.FD.137-CSL-72 -> FD 140 CSL 72
dated 15/16-5-1972.

With reference to your letter cited above, I have to state that the financial implications of the question are under examination and that the report in the matter will be sent on receipt of the particulars of the turnover and tax involved on silk pupea, which are being called for from the Deputy Commissioners of Commercial Taxes.

Yours faithfully,

T. J. Ramakrishnan

(T.J. Ramakrishnan)
for COMMISSIONER OF COMMERCIAL TAXES.

Ps/*

15

GOVERNMENT OF MYSORE

H.C.Gangadhara Murthy,
Under Secretary to Government,
Finance Department.

'Vidhana Soudha,
Bangalore,
dated: 24.7.1972.

D.O.No.FD 140 CSL 72.

Dear Sri.Subramanyam,

Sub: Exemption of Sales Tax on silkworm.

--

Kindly refer to this Department's letter of even Number, dated 15th May, 1972 and subsequent D.O. reminder dated 2# 16.6.1972, on the subject mentioned above.

2. I shall be obliged if you could kindly furnish the remarks in the matter, immediately.

Yours sincerely,

Shri M.S.Subramanyam,
Head Quarters Asst. to
the Commissioner of Comml.
Taxes in Mysore,
Bangalore.

rsr:

GOVERNMENT OF MYSORE

H.C.Gangadhara Murthy,
Under Secretary to Government,
Finance Department.

'Vidhana Soudha',
Bangalore,
dated: 16.6.1972.

D.O.No.FD 140 CSL 72.

Dear Sri.Subramanyam,

Sub: Exemption of Sales Tax on Silkworm.

--

Kindly refer to this Department's letter of even Number, dated 15th May,1972, on the subject mentioned above.

I shall be obliged if you could kindly furnish the remarks in the matter, immediately.

Yours sincerely,

Shri M.S.Subramanyam,
Head Quarters Asst. to the
Commissioner of Comml.Taxes,
Bangalore.

1910

rsr:

TELEPHONE - 23713 (Acx) TELEGRAMS: "SAGARMILLS"

Sree Gajanana Rice & Oil Mills, Ltd.,

(INCORPORATED IN MYSORE STATE)

PIONEERS IN RICE BRAN OIL EXTRACTION

EDIGA EXTENSION, MYSORE

REGISTERED OFFICE
MYSORE

S. T. Reg. No. My/CT/City I A 135/57-58
C. S. T. No. My/CT/City No. 327/58-59

13

Ref No. 2206

Date 17th Apr. 1972.

Sri. Ghorpade,
Hon. Minister for Finance,
Government of Mysore,
Vidhan Soudha Buildings,
~~Mysore~~ BANGALORE.1.

Dear Sirs,

We enclose herewith a copy of the letter addressed to the Hon. Minister for Finance, Government of India, New Delhi, wherein we have requested for exemption of Excise duty on Hexane.

We request you kindly to recommend our case to the central Governement for favour able consideration.

Thanking you,

Yours faithfully,

(R.VASUDEVA MURTHY)
MANAGING DIRECTOR.

TELEPHONE: 23713 TELEGRAMS: "SAGARMILLS"

Sree Gajanana Rice & Oil Mills, Ltd.,

(INCORPORATED IN MYSORE STATE)

PIONEERS IN RICE BRAN OIL EXTRACTION

EDIGA EXTENSION. MYSORE

REGISTERED OFFICE
MYSORE

S. T. Reg. No. My/CT/City I A 135/57-58
C. S. T. No. My/CT/City No. 327/58-59

12

Ref. No._____ Date 17th Apr. 1972.

Sri. Y.B.Chavan,
Hon.Minister for Finance,
Government of India,
New Delhi.

Respected Sir,

We like to bring the following for your kind consideration and favourable orders.

Ours is a small scale industry established in the year 1961, for the manufacture of extracting oil from Rice Bran through Solvent Extraction process using edible Hexane. This process was developed by C.F.T.R.I. and we were the first to take up that process and establish a factory in the city of Mysore.

Just three years back, C.F.T.R.I. developed a process for extracting fat from dead Silkworm pupae which was actually thrown out in the gutter as a waste material. This cheap fat could be made use of in the manufacture of soaps in place of other costly oils, and we are the only people who took up this process and developed into a commercial scale. This became a boon to the small Silk reelers who are benefited to the tune of Rs.100 to Rs.200/- per month. Directly and indirectly more than

500 families in the entire State are being benefitted by using this item in the manufacture. Even small soap manufacturers in the State and also in other States have been benefitted by using this cheap fat. In the villages, these silk reelers were actually spending some money to remove these worms to a far off place because of its bad smell.

By the process developed by the C.F.T.R.I., not only the waste material is put into use but also it provided employment to quite a lot of people, who take to drying of the pupae by purchasing the same from the reelers and supply to us.

We may also add here that the defatted material was put into use in the poultry feeds and even export market was found out and to the extent of about 6 Lacs of rupees it was exported in the year 1970-1971.

As per the Notification No. 59/71, Central Excise dated 29th May 1971, the Government of India had levied increase in Excise duty from Rs.45/- per kilolitre to Rs.845/- per kilo Litre, on Hexane. After much agitation, by the solvent extractors Association, the duty has been reduced to Rs.425/- per Kilo Litre from Rs.845/-

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MYSORE

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C. S. T. No. My/CT/City No. 327/58-59

Ref. No._____ -3- Date_____ 197

vide Notification No.142/71 dated 26-7-71. After the introduction of this Excise duty the extraction had to be stopped because of uneconomical conditions. Even the export market is lost because of very nigh cost of production and we are unable to quote in the export market. Even the concession allowed after obtaining L6 Licence is denied to us as it is only meant for the extraction of vegetable non essential oils. The silk worm pupae is considered as of animal origin and as such the concession rate of duty is denied to us.

We are the only people manufacturing this and ours is a small scale industry and so we request your goodselves to kindly exempt us from paying the excise duty for Hexane(Special boiling point spirit) so that we may be able to run our industry and put into use silk worm pupae that was going as a waste, and also provide employment. It will certainly help us to run the industry and earn foriegn exchange to the country and also provide employment for more than 500 families.

We remain, Respected Sir,
Yours faithfully,

(R.VASUDEVA MURTHY) MANAGING DIRECTOR.

TELEPHONE: 23713 TELEGRAMS: "SAGARMILLS"

Sree Gajanana Rice & Oil Mills, Ltd.,

(INCORPORATED IN MYSORE STATE)

PIONEERS IN RICE BRAN OIL EXTRACTION

EDIGA EXTENSION, MYSORE

REGISTERED OFFICE
MYSORE

S. T. Reg. No. My/CT/City I A 135/57-58
C. S. T. No. My/CT/City No. 327/58-59

Ref. No.....

Date 3rd May 1972.

Sri. Y.B.Chorpade,
Hon. Minister for Finance,
Government of Mysore,
Vidhansoudha Buildings,
BANGALORE.1.

Respected Sir,

Re: Exemption of Sales Tax on silk worm.

The process of Extraction of silkworm was found out by C.F.T.R.I, and we are the people, who have taken up this process. We are the only persons who are doing this processing in the entire country.

Silkworm pupae is a waste product of the silk Industry. This was thrown out to the gutters by silk reelers as a waste material and they were spending money to remove the material outside the town limits because of its very bad smell.

After we started using this for extraction of oil, this waste material has been put into use and also it has given some money to the small silk reelers in the villages. This has helped many a number of persons to eke out their

livelihood. Indirectly it has given employment to more than five hundred people in the State.

So far as the silk is concerned, it is exempted from sales tax from the cocoon stage to the silk fabric stage. The silk cocoon contains this worm and as such silkworm is part of the silk cocoon and when the cocoons are exempted, it is rather surprising that the dead silk worm should be taxed. This worm dies during the course of removing the silk thread. The worm cannot be considered separate from the silk cocoon. Without the silkworm, there cannot be any silk. When the silk is exempted from Sales tax in all its stages, there is no justification in taxing the silk worm. The authorities have taxed this dead silk worm both at the purchase leven and at the sale level at 3% which is not justifiable. Moreover, this is not a commoditty which can be purchased either in the Regulated market or in the shops. It has to be collected from small silk relers in villages in small quantities. There are no traders in this material. It has to be collected in its raw state, dried and degummed and then processed for extraction of oil.

The oil is taxed at 3% and for which we have no

TELEPHONE: 23713 TELEGRAMS: "SAGARMILLS"

Sree Gajanana Rice & Oil Mills, Ltd.

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PIONEERS IN RICE BRAN OIL EXTRACTION

EDIGA EXTENSION, MYSORE

REGISTERED OFFICE
MYSORE

S. T. Reg. No. My/CT/City I A 135/57-58
C. S. T. No. My/CT/City No. 327/58-59

Ref. No.....

Date.....197

objection. But the silkworm pupae should not be taxed at any stage.

We have with very hard work and perseverance developed this on a commercial scale. We have found out an exportabe market for this after spending lot of money. We have earned the much needed foreign exchange for the country.

We have been asked now, after a lapse of 2 years, to pay 3% tax on our purcases and sales which is highly unreasonable.

If the exemption is not given, we do not thin, that we will be able to make purchases of this worm and process as the suppliers are not traders and they are very small people. It will certainly kill the industry and more than 500 people will go out of employment.

We may also add here that we are trying our best to increase the production by setting up collecting centres in all possible places, so that, it is not wasted.

We may also add here that the Central Silk Board is very keen that this industry should be developed. Even

Sri K.B. Shivaji MLA,

7

the Ministry of Foreign Trade is also very particular that maximum foreign Exchange is earned from this industry.

In view of the above facts, we request you [illegible] to exempt this from Sales tax both at purchase level and sales level.

Thanking you,
Yours faithfully,

(R.VASUDEVA MURTHY)
MANAGING DIRECTOR.

GOVERNMENT OF MYSORE

140

No. FD 137 CSL 72.

MYSORE GOVERNMENT SECRETARIAT,
VIDHANA SOUDHA,

Bangalore, Dated 15th May *1972*.

FROM

The Secretary to the Government of Mysore
Finance Department.

To

The Commissioner of Commercial
Taxes in Mysore, Bangalore.

Sir,

Sub: Exemption of Sales Tax
on silkworm.

--

I am directed to forward herewith a duplicate copy of petition dated 3.5.1972 received from Sree Gajanana Rice & Oil Mills Ltd., on the above subject and to request you to please send your remarks in the matter, immediately.

Yours faithfully,

(H.C.Gangadhara Murthy)
Under Secretary to Government,
Finance Department.

rsr:

S.No 2

5

FD 137 CSL 72

To,
The C.C.T
Bloze

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Sub: Exemption of S.Tax
Silkworm

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12/5

12/5

16.5.

TELEPHONE: 23713 TELEGRAMS: "SAGARMILLS"

Sree Gajanana Rice & Oil Mills, Ltd.,

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PIONEERS IN RICE BRAN OIL EXTRACTION

EDIGA EXTENSION. MYSORE

REGISTERED OFFICE
MYSORE

S. T. Reg. No. My/CT/City I A 135/57-58
C. S. T. No. My/CT/City No. 327/58-59

Ref. No. Joint Secy. F.T

Date. 3rd May 1972.

Sri. Y.B.Ghorpade,.
Hon. Minister for Finance,
Government of Mysore,
Vidhansoudha Buildings,
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Thanking you,
Yours faithfully,

(R.VASUDEVA MURTH
MANAGING DIRECTOR